

JLARC Highlights Avoided Costs

JLARC tracks the fiscal impacts of its performance audits and reviews as one of its own performance measures. Here we update such impacts from over 145 audits and reviews completed since 1990. In the table below one can get a quick summary of these impacts in terms of *realized savings and cost avoidances*, both one-time and ongoing. These savings are "realized" because either state agencies or the Legislature (or both) took action on JLARC's recommendations. We have also estimated additional *potential savings* if JLARC's recommendations were to be fully implemented in the future.

Savings Through JLARC Audits: 1990 to Present

Realized Savings/Cost Avoidances

- One-Time \$417 million
- Annual Ongoing \$ 87 million

Potential Savings/Cost Avoidances

- One-Time \$ 13 million
- Annual Ongoing \$189 million

Note: The assumptions underlying these figures are based on conservative estimates. For example, with a range of dollar amounts, the low-end or mid-point estimate is used. Also, amounts reflect "present value" calculations.

Examples of Recent JLARC Savings

- **Higher Education Facilities Preservation Study (2003)** — Necessary maintenance and repair backlogs at Washington's public higher education institutions total \$1.3 billion. The Legislature, in the 2003 and 2004 Sessions, incorporated JLARC's recommendations in its 2003-05 Capital Budget. An estimated \$25 million per year could be generated from these recommendations for improved facility stewardship.
- **School for the Deaf Capital Facilities Study (2002)** — JLARC raised issues with the size and cost of a proposed new school facility in the Governor's 2003-05 Capital Budget. Neither the 2003-05 Capital Budget, nor the 2004 Supplemental, included the \$19.8 million originally requested for the School.
- **Mental Health Performance Audit (2000)** — JLARC identified excess fund balances retained by Regional Support Networks in Washington's mental health system. The 2002 Supplemental Budget took \$22 million in savings from these fund balances. In addition, the 2004 Supplemental Budget creates a Joint Task Force on Mental Health to further examine continuing service delivery and financing issues.

JLARC Recommendations Are Carried Out

Since the beginning of the 1997-99 Biennium, JLARC has made 315 recommendations to state agencies, the Legislature, the Office of Financial Management, and the Governor's Office. We have been keeping tabs on the status of these recommendations—

- Almost three-quarters of JLARC recommendations are being implemented. Agencies continue to improve performance management processes and information systems in response to JLARC performance audits. The Legislature has also put JLARC recommendations into effect through policy legislation and its biennial budgets.
- The remaining one-quarter of recommendations have not been implemented to date. Some of those recommendations are from recent reports and have completion dates in the future.

What's Ahead From The 2004 Legislative Session?

JLARC received nine new study assignments in legislative budget and policy bills passed during the 2004 Session. The Governor vetoed five of these assignments. Below are highlights of new responsibilities that will impact JLARC's workload in the coming months.

- **Performance Audit of DNR's Wildfire Suppression Program** — Significant increases in costs for suppressing wildfires over the past three fiscal years sent this study to JLARC in the 2004 Supplemental Operating Budget. JLARC will review the Department of Natural Resources' (DNR) current fire suppression policies and practices and look at how costs are allocated among various other entities involved with fire suppression activities. Work will be done in concert with the Office of the State Auditor's efforts. Report due June 2005.
- **K-12 Alternative Learning Experience Programs Study** —The 2004 Supplemental Operating Budget also directs JLARC and the State Auditor to review the legal and financial requirements of alternative learning experience programs. School districts currently receive funding for students who participate in programs outside of the regular classroom, such as vocational skills training and on-line courses of study. Reports due February and July 2005.
- **DNR Grazing Lands Study** — The Supplemental Capital Budget directs the Department of Natural Resources to contract with JLARC for a cost-benefit analysis of grazing leases and related agreements on DNR-managed lands. Report due June 2005.
- **Performance Audit of Charter Schools (E2SHB 2995)** — JLARC and the State Auditor must jointly select a qualified contractor to conduct independent performance audits of charter schools at least once every three years. Initial audits due in 2008-09 at the earliest.

Additional JLARC work that the Legislature passed but the Governor vetoed:

- *K-12 Title II Spending Study* (Operating Budget)
- *Developmental Disabilities Prevalence Study* (Operating Budget)
- *Gambling Revenue Distribution Study* (Operating Budget)
- *School Bus Replacement Study* (Operating Budget)
- *HVAC Contractor Licensing Study* (Operating Budget)

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